

116TH CONGRESS
2D SESSION

S. _____

To authorize the Administrator of the Small Business Administration to subsidize payments on loans guaranteed under the 7(a) and 504 loan programs or made using funds under the microloan program, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. COONS introduced the following bill; which was read twice and referred to the Committee on _____

A BILL

To authorize the Administrator of the Small Business Administration to subsidize payments on loans guaranteed under the 7(a) and 504 loan programs or made using funds under the microloan program, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SUBSIDY FOR CERTAIN LOAN PAYMENTS.**

4 (a) DEFINITIONS.—In this section—

5 (1) the terms “Administration” and “Adminis-
6 trator” mean the Small Business Administration
7 and the Administrator thereof; and

1 (2) the term “covered loan” means a loan that
2 is—

3 (A) guaranteed by the Administration
4 under—

5 (i) section 7(a) of the Small Business
6 Act (15 U.S.C. 636(a)), including a loan
7 made under the Community Advantage
8 Pilot Program of the Administration; or

9 (ii) title V of the Small Business In-
10 vestment Act of 1958 (15 U.S.C. 695 et
11 seq.); or

12 (B) made by an intermediary to a small
13 business concern (as defined in section 3 of the
14 Small Business Act (15 U.S.C. 632)) using
15 loans or grants received under section 7(m) of
16 the Small Business Act (15 U.S.C. 636(m)).

17 (b) SENSE OF CONGRESS.—It is the sense of Con-
18 gress that—

19 (1) all borrowers are adversely affected by
20 COVID-19;

21 (2) relief payments by the Administration are
22 appropriate for all borrowers; and

23 (3) in addition to the relief provided under this
24 Act, the Administration should encourage lenders to
25 provide payment deferments, when appropriate, and

1 to extend the maturity of covered loans, so as to
2 avoid balloon payments or any requirement for in-
3 creases in debt payments resulting from deferments
4 provided by lenders during the period of the national
5 emergency declared by the President under the Na-
6 tional Emergencies Act (50 U.S.C. 1601 et seq.)
7 with respect to the Coronavirus Disease 2019
8 (COVID-19).

9 (c) PRINCIPAL AND INTEREST PAYMENTS.—

10 (1) IN GENERAL.—The Administrator shall pay
11 the principal, interest, and any associated fees that
12 are owed on a covered loan in a regular servicing
13 status—

14 (A) with respect to a covered loan made
15 before the date of enactment of this Act and
16 not on deferment, for the 6-month period begin-
17 ning with the next payment due on the covered
18 loan;

19 (B) with respect to a covered loan made
20 before the date of enactment of this Act and on
21 deferment, for the 6-month period beginning
22 with the next payment due on the covered loan
23 after the deferment period; and

24 (C) with respect to a covered loan made
25 during the period beginning on the date of en-

1 actment of this Act and ending on the date that
2 is 6 months after such date of enactment, for
3 the 6-month period beginning with the first
4 payment due on the covered loan.

5 (2) TIMING OF PAYMENT.—The Administrator
6 shall begin making payments under paragraph (1)
7 on a covered loan not later than 30 days after the
8 date on which the first such payment is due.

9 (3) APPLICATION OF PAYMENT.—Any payment
10 made by the Administrator under paragraph (1)
11 shall be applied to the covered loan such that the
12 borrower is relieved of the obligation to pay that
13 amount.

14 (d) OTHER REQUIREMENTS.—The Administrator
15 shall—

16 (1) communicate and coordinate with the Fed-
17 eral Deposit Insurance Corporation, the Office of the
18 Comptroller of the Currency, and State bank regu-
19 lators to encourage those entities to not require
20 lenders to increase their reserves on account of re-
21 ceiving payments made by the Administrator under
22 subsection (c);

23 (2) waive statutory limits on maximum loan
24 maturities for any covered loan durations where the
25 lender provides a deferral and extends the maturity

1 of covered loans during the 1-year period following
2 the date of enactment of this Act; and

3 (3) when necessary to provide more time be-
4 cause of the potential of higher volumes, travel re-
5 strictions, and the inability to access some properties
6 during the COVID–19 pandemic, extend lender site
7 visit requirements to—

8 (A) not more than 60 days (which may be
9 extended at the discretion of the Administra-
10 tion) after the occurrence of an adverse event,
11 other than a payment default, causing a loan to
12 be classified as in liquidation; and

13 (B) not more than 90 days after a pay-
14 ment default.

15 (e) RULE OF CONSTRUCTION.—Nothing in this sec-
16 tion may be construed to limit the authority of the Admin-
17 istrator to make payments pursuant to subsection (c) with
18 respect to a covered loan solely because the covered loan
19 has been sold in the secondary market.

20 (f) AUTHORIZATION OF APPROPRIATIONS.—There is
21 authorized to be appropriated to the Administrator
22 \$16,800,000,000 to carry out this section.